

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS AND SPECIAL MEETING  
OF THE BUDGET AND FINANCE COMMITTEE OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
MAY 22, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors and Special Meeting of the Budget and Finance Committee of the Rainbow Municipal Water District on May 22, 2018 was called to order by President Brazier at 1:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **BOARD OF DIRECTORS ROLL CALL:**

**Board of Directors:** Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca,

**Committee Members:** Member Gasca, Alternate Nelson, Member Hensley, Member Moss, Member Ross, Member Stitle.

**Also Present:** General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Finance Manager Martinez, Human Resources Manager Harp, Superintendent Maccarrone, Superintendent Walker, Superintendent Zuniga, Administrative Analyst Gray, Associate Engineer Powers, Legal Counsel Smith, Accounting Specialist Rubio, Accounting Specialist Martinez, Environmental Health and Safety Officer Esnard, Interim Engineering Manager Gerdes.

Six members of the public were present.

The committee members introduced themselves and briefed the audience on their backgrounds.

4. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

Mr. Kennedy announced Mr. Lopez was unable to make this meeting for recognition of his ten years with RMWD; therefore, Item #6A will be deferred to the next Board meeting.

President Brazier commented on enforcing public comment time limits and remitting speaker slips.

5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC  
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING  
ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

Richard Overturf, President of the Board of Directors of the Downs Complex, addressed the board regarding means of assisting those crippled with water costs. He would like to know the feasibility of installing meters above ground to save RMWD money because the owners will have to pay for

(\*) - Asterisk indicates a report is attached.

it. He also inquired as to a completion date for the water pipe repair taking place at the intersection El Camino Rey and Del Cielo Este. Mr. Kennedy said he would have Engineering follow up with the HOA on the sub-metering matter. Mr. Maccarrone announced a shutdown has been scheduled for Thursday to allow for the pipeline repair work.

Director Gasca pointed out the Directors are divided amongst five divisions and how each constituent may contact their respective Director with matters of concern.

## 6. EMPLOYEE RECOGNITIONS

### A. Ruben Lopez (10 Years)

This recognition was deferred until the next Board meeting.

### B. Rene Del Rio (15 Years)

Mr. Kennedy noted Rene Del Rio has been employed as RMWD's fleet mechanic for fifteen years. He presented Mr. Del Rio with a plaque and check in recognition of his tenure.

## \*7. APPROVAL OF MINUTES

### A. April 24, 2018 - Regular Board Meeting

#### ***Motion:***

***Approve the minutes as written.***

***Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***

## 8. BOARD OF DIRECTORS' COMMENTS/REPORTS

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

### A. President's Report (Director Brazier)

President Brazier stated discussions at recent Board meetings straying off topic; therefore, she urged the Board to be aware of these discussions as a means of conducting District business more efficiently and effectively. She also mentioned action should not be taken unless an item is noticed as part of the meeting agenda.

President Brazier noted it was reported to her by two reliable sources a loud political debate took place prior to the Engineering and Operations Committee meeting last month. She expressed concern a member of the public overheard this discussion and upon inquiring about the meeting's purpose they were not treated well. She directed Mr. Kennedy to prepare appropriate revisions to the Administrative Code pertaining to terms of conduct.

(\*) - Asterisk indicates a report is attached.

**B. Representative Report (Appointed Representative)**

**1. SDCWA**

Mr. Kennedy reported the next meeting will take place on May 24, 2018.

**2. CSDA**

Mr. Kennedy reported the San Diego District Attorney, LAFCO, and CSDA Legislative Representative spoke at the recent Quarterly Dinner Meeting as well as awards were presented to winners of the video contests.

Director Mack mentioned comments made by the District Attorney and how exciting it was to see the student videos.

**3. LAFCO**

Mr. Kennedy noted the results of LAFCO's recent election.

**4. San Luis Rey Watershed Council**

Director Stewart explained a meeting has not been held due to workload involved with completing the grant reporting process. He said the next meeting was scheduled for May 23, 2018; however, it has not yet been confirmed. Discussion ensued regarding the Council considering funding sources as well as defining a clear purpose.

**5. Santa Margarita River Watershed Watermaster Steering Committee**

There was no report given.

**C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)**

Director Mack reported on the recent 2018 ACWA Spring Conference by sharing information presented at the classes he attended. He encouraged the other Board Members to attend these conferences.

**D. Directors Comments**

There were no comments.

**E. Legal Counsel Comments**

**1. Attorney Report: Endangered Species and Water Projects (501668-0002)**

Legal Counsel summarized the information contained in his report.

**\*9. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

**A. Budget and Finance Committee**

**1. April 10, 2018 Minutes**

Mr. Stitle stated there was nothing to report.

(\*) - Asterisk indicates a report is attached.

**B. Communications Committee**  
**1. April 5, 2018 Minutes**

Director Hamilton reported there was a resignation from a member of the committee, debriefing on the Avocado Festival, and discussion regarding a video presentation. Mrs. Gray added Mrs. Martinez was introduced to the committee and how a customer service representative will be present at future meetings to update the committee on customer service matters. She also noted an extended newsletter was currently in the draft stages as well as confirmed RMWD will have a booth at the Vintage Car Show in Sunday, May 27, 2018.

**C. Engineering and Operations Committee**  
**1. April 4, 2018 Minutes**

Mr. Powers reported the committee discussed the meter replacement project. Discussion ensued.

Mr. Powers reported the Canonita Tank was being cleaned. He mentioned there was an access hole cut in the side of the tank to allow for easier personnel and equipment entrance into the tank for the cleaning process. He announced there will be a tour of the tank held on June 6, 2018 at 2:00 p.m. should anyone present be interested in attending.

Mr. Powers concluded by noting the committee discussed the Rainbow Heights Pump Station project which was on this agenda for Board consideration.

**PRESENTATION**

**10. PIPE RELINING PROJECT UPDATE BY SDCWA**

Mrs. Gray introduced Ashley Jenkins, SDCWA's Public Affairs Representative. Ms. Jenkins introduced co-presenters from SDCWA who will be sharing information on the Pipeline 5 Relining Project.

Mike Hu presented details involved with the relining process.

Ms. Jenkins presented project information including signage, contractors having project information cards for those who have questions. Director Stewart suggested it may be beneficial for SDCWA to proceed portal to portal. Ms. Jenkins noted this was a common concern to which SDCWA is very aware. She noted although the work being done may not be seen by those residing in the area; however, this was due to most of the work being conducted inside the pipe.

Ms. Jenkins noted the start date is anticipated to be November 1, 2018 with the pipeline having to be in service no later than April 1, 2019.

Director Gasca inquired about the contract concerns he had emailed to SDCWA. Ms. Jenkins confirmed she has received those emails and a response has been prepared which will be forward to him at the end of today.

Ms. Jenkins announced the SDCWA project team has already attended the Bonsall Chamber of Commerce and will be attending the Fallbrook Chamber of Commerce this evening. Director Gasca recommended putting information out on the "Next Door" website.

(\*) - Asterisk indicates a report is attached.

Ms. Jenkins presented the project schedule to include advertisement, Board award, contractor mobilization, beginning the liner installation, and completion of work. A member of the project team confirmed they expected to receive 4-6 bids on this project.

Director Gasca expressed concern regarding environmental issues including the flow of air and how the dust generated will be contained. A member of the project team explained the spoil piles will be covered and maintained according to regulatory requirements.

### **CONSENT CALENDAR**

**\*11. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-12 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**

**\*12. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-13 - AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 2.09 – COMMITTEES**

***Motion:***

***To approve Ordinance No. 18-12 and Ordinance No. 18-13.***

***Action: Approve, Moved by Director Stewart, Seconded by Director Gasca.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***

### **BOARD INFORMATION ITEMS**

**13. INITIAL REVIEW OF OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2018-2019**

Mrs. Martinez reported the information being presented today was given to the Budget and Finance Committee at their last meeting. She presented both the macro and micro perspectives highlighting items of interest.

Director Gasca inquired about the water loss number being cited. Mr. Kennedy explained the majority was due to the amount of water purchased and sold; however, there were other factors involved.

Mrs. Martinez reviewed the information related to variable sales, water purchases, customer growth, labor resources, capital equipment needs, water and sewer capital projects, and the sewer, general and capital funds. Discussions followed.

Mrs. Martinez continued to review the overview of changes to the budget noting the reasons for each revision. She also commented on the one-time expenses included in this budget related to the software conversions.

(\*) - Asterisk indicates a report is attached.

Mrs. Martinez reviewed the water and wastewater capital fund projections explaining the highlighted items. Mr. Kennedy pointed out the financial model forecasted this next fiscal year would be a net loss and then come back out.

President Brazier requested a digital copy of the PowerPoint presentation. Mrs. Martinez offered to publish it on the District website as well as have Ms. Washburn email it to the Directors.

Mr. Hensley asked if drought restrictions are anticipated for this year. Mr. Kennedy answered there were not.

***President Brazier called for a break at 2:59 p.m.***

***The meeting reconvened at 3:12 p.m.***

#### **14. STAFFING ANALYSIS UPDATE**

Mrs. Harp reviewed the information she presented at the last Board meeting. She noted the presentation today includes recommended staffing changes to meet labor demands in the Engineering, Human Resources, and Finance departments, respectively. She noted the final draft staffing analysis will be presented at the June Board meeting. She introduced Charmaine Esnard, RMWD's new Environmental Health and Safety Officer, to the Board.

#### **15. STRATEGIC PLAN OBJECTIVES UPDATES**

Mr. Kennedy solicited the Board for their input on the Strategic Plan. He asked the Board whether they would like to hold a refresher workshop to review the objectives and goals. It was confirmed the Board preferred staff scheduling an in-house workshop which Mrs. Gray agreed to schedule.

### **BOARD ACTION ITEMS**

#### **\*16. CONSIDER A PROFESSIONAL SERVICES AGREEMENT WITH KINSEY AND KINSEY INC. FOR IMPLEMENTATION SERVICES RELATED TO THE INFOR CLOUDSUITE FINANCIALS SOFTWARE SYSTEM IN THE AMOUNT OF \$163,800 AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE CONTRACT ON THE DISTRICT'S BEHALF**

Mr. Kennedy explained the purpose of bringing in a specialized firm. He stated RMWD was prepared to conduct the first software test once the data is accessible. He pointed out there may be a future need to revise sections of the Administrative Code streamlining the purchasing processes.

Mr. Kennedy reiterated this was a one-time purchase. He noted the costs include financial software and asset management.

#### ***Motion:***

***Approve the Professional Services Agreement with Kinsey and Kinsey Inc. in the amount of \$163,800 and authorizing the General Manager to sign the Agreement.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Hamilton.***

(\*) - Asterisk indicates a report is attached.

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***

**\*17. DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT CHANGE ORDER FOR INSPECTION SERVICES FOR THE HORSE CREEK RIDGE DEVELOPMENT**

Mr. Powers reported the Horse Creek Ridge development was well into construction and how the purpose of this item was to extend the current contract to allow Hoch Consulting to complete inspections for the Horse Creek Ridge Development.

***Motion:***

***Approve Option 1 - Authorize General Manager to execute change order #04 to the As-Needed Inspection Services contract with Hoch Consulting not to exceed \$67,750.***

***Action: Approve, Moved by Director Stewart, Seconded by Director Gasca.***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***

**\*18. DISCUSSION AND POSSIBLE ACTION TO APPROVE AMENDMENT TO SEWER SERVICE AGREEMENT FOR THE PALOMAR NORTH EDUCATION CENTER**

Mr. Gerdes announced this would be his last RMWD Board meeting.

Mr. Gerdes reported the lift station was expected to be completed at the end of July 2018; however, since Palomar was getting ready to open the campus in June, they wanted permission to approve sewer discharge into the current lines. He explained this request was investigated and found this could be done with minimal impact for the summer college session; therefore, an amendment to the Sewer Service Agreement would need to be approved by the Board prior to granting permission. He noted all construction costs related to this amendment would be paid for by the developer.

Director Hamilton asked who owns the pumps going up to the temporary lift station. Mr. Gerdes confirmed it belonged to DR Horton. Discussion ensued.

President Brazier thanked Mr. Gerdes for providing RMWD with his experience and service in helping RMWD by filling the void in engineering.

***Motion:***

***Approve Option 1 - Approve the Amended Sewer Service Agreement which allows Palomar conditional approval to discharge to the District sewer system and the temporary lift station.***

***Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***

**\*19 DISCUSSION AND POSSIBLE ACTION ON REQUEST TO QUITCLAIM EASEMENTS FOR PALA MESA HIGHLANDS DEVELOPMENT TM 5187-1**

Mr. Gerdes explained RMWD had 12" pipeline running through the property now under construction at the Pala Mesa Highlands project that was rerouted. He stated since new pipelines have been installed within the streets of the subdivision, there was a portion of the old pipeline and old easement that still roads across in an open space area. He noted Beazer granted another easement over that portion, that made the older easement run the entire length of their project not needed. He explained there were two easements with different entities; therefore, there were two quitclaims RMWD needed to give up.

Director Stewart stressed the need to conduct diligent inspections on this development. Mr. Powers stated diligent inspections are being conducted by in-house staff.

***Motion:***

***Approve Option 1 - Authorize the General Manager to execute the quitclaim deeds associated with the easements for the abandoned waterline.***

***Action: Approve, Moved by Director Stewart, Seconded by Director Hamilton.***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***

**\*20. DISCUSSION AND POSSIBLE ACTION TO APPROVE A CHANGE ORDER FOR REDESIGN SERVICES FOR THE RAINBOW HEIGHTS PUMP STATION REHABILITATION PROJECT**

Mr. Powers presented the previously approved project design noting the need for redesign as well as the proposed updated site layout. He noted RMWD would still have access to the MWD right-of-way, but there would not be any structures. He explained the construction costs would be reduced by \$120,000 and the redesign fee would be \$70,000; therefore, the overall savings would be approximately \$50,000.

Discussion ensued regarding containment of the facilities.

***Motion:***

***To approve the Change Order.***

***Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***



**Mr. Stitle excused himself from the meeting at 4:06 p.m.**

**21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

There were no requests.

**\*22. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

**A. General Manager Comments**

1. Meetings, Conferences and Seminar Calendar

**B. Operations Comments**

1. Operations Report

**C. Engineering Comments**

1. Engineering Report

**D. Customer Service and Meters Comments**

1. Customer Service and Meters Report

**E. Human Resource & Safety Comments**

1. Human Resources Report

**F. Finance Comments**

1. Interim Financial Statement
2. Treasurer Report
3. Credit Card Breakdown
4. Directors' Expense
5. Check Register
6. Water Sales Summary
7. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

President Brazier thanked Mr. Milner and Mrs. Gray for reincorporating the valve maintenance chart into the Operations Report.

Mrs. Harp reported the Take Your Kids to Work Day and Health Fair involved more than half the workforce putting together a most successful event.

***Motion:***

***To receive and file information and financial items.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Stewart.***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca.***

**23. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING**

It was noted the Service Award for Ruben Lopez, strategic plan, budget, and a change order for the design of the Lift Station 1 replacement.

(\*) - Asterisk indicates a report is attached.

24. ADJOURNMENT - To Tuesday, June 26, 2018 at 1:00 p.m.

*The meeting was adjourned with a motion made by Director Brazier to a regular meeting on June 26, 2018 at 1:00 p.m.*

The meeting was adjourned at 4:15 p.m.

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**Helene Brazier, Board President**

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**Dawn M. Washburn, Board Secretary**